

CHAPTER-IV

AUDIT OF TRANSACTIONS

Infructuous /wasteful expenditure and overpayment

FISHERIES DEPARTMENT

4.1 Unfruitful expenditure on renovation of a fish hatchery

Unfruitful expenditure of Rs. 22.50 lakh was incurred on the renovation of a fish hatchery at Bhimtal.

Financial rules provide that work should not be commenced unless a detailed design and proper estimates based on adequate survey have been formulated and technically sanctioned by the competent authority.

Test check of records (September 2004) of Executive Engineer, Rural Engineering Services Division (RES), Nainital revealed that an amount of Rs. 24.53 lakh was released in two spells (June 2002 and June 2003) for renovation of a fish hatchery at Bhimtal under the 'Sheet Jal Evam Matsya Vikas Yojana'. The work was stopped (March 2004) after renovation of six tanks, construction of a pump house, shallow boring, installation of a diesel electric pump, water supply system and partial construction of a boundary wall at a cost of Rs. 22.50 lakh, leaving the work of bulb fitting and earth filling around the tanks and their levelling. Later, a decision was taken (March 2004) to stop the work at Bhimtal and shift the hatchery to Kamaltal near Naukuchiyatal.

On this being pointed (September 2004), the Government replied (September 2005) that the site was shifted due to widening of a by pass road proposed across the site of the hatchery and owing to a decision to develop 17,280 sq. yard of hatchery land for parking angling, a Tourist Information Centre etc. Had this been planned earlier, Government would not have incurred unfruitful expenditure of Rs. 22.50 lakh.

PUBLIC WORKS DEPARTMENT

4.2 Wasteful expenditure

Construction of a bridge without ascertaining the availability of land resulted in wasteful expenditure of Rs. 8.40 lakh and blockage of Rs. 20.40 lakh on material idle in store.

Paragraph 378 of the Financial Hand Book (Vol VI) provides that no work should commence on land which has not been duly handed over by the responsible officer. The Forest Conservation Act, 1980 also requires prior approval of the Government of India for use of forest land for non-forest purposes.

The Government accorded administrative and financial sanction (September 1997) for the construction of a suspension bridge over Gauri river at Faguwa Bagar in district Pithoragarh at a cost of Rs. 77.64 lakh. The construction of the right abutment of the bridge was to be made on forest land.

Test check of records (April 2005) of the Executive Engineer (EE), Construction Division, Public Works Department, Askot, Pithoragarh revealed that work was started (December 1998) without ensuring the availability of land for the right abutment. After incurring an expenditure of Rs. 28.80 lakh (Rs. 8.40 lakh on construction work and Rs. 20.40 lakh for purchase of material), the work was stopped in the year 2000. A proposal for transfer of forest land was belatedly sent to Government of India (July 2000) but rejected (July 2001) as the land belonged to the Askot Wild Life Sanctuary on which construction could not be carried out. Thus, the expenditure of Rs. 8.40 lakh on construction work proved wasteful and material worth Rs. 20.40 lakh was also lying idle.

In reply, the EE stated (April 2005) that work was executed in anticipation of Government of India's approval which could not be obtained and purchased material would be used in any other work in future. The reply is not tenable as commencement of work without availability of land was against the rules. The material was lying idle for more than five years with the possibility of deterioration.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

4.3 Unfruitful expenditure on construction of an incomplete road

Expenditure of Rs. 38.72 lakh on construction of a road in Pauri district proved unfruitful due to its non-completion.

Financial rules i.e. paragraph 378 of the Financial Handbook (Vol VI) provides that no work should commence on land which has not been duly handed over by the responsible civil officer. The Forest Conservation Act,

1980 (Act) stipulates that prior approval of the Government of India be obtained for use of forest land for non-forest purposes.

Government sanctioned (March 1994) construction of the 5 km long Khimakheth-Kilbokhal- Khalyundanda motor road at a cost of Rs. 41 lakh. The length of the road was later extended by 2 km at a cost of Rs. 15.60 lakh (January 1999) to provide transport facilities to the residents of Sumori, Rewa, Khandwari, Kilbokhal and Khalyundanda villages of Pauri district. The road was to pass through 3.285 hectares of forest land.

Scrutiny of records (April 2005) of the Executive Engineer (EE), Provincial Division, PWD, Lansdowne revealed that after 3.65 km out of 7 km road was constructed at a cost of Rs. 38.72 lakh, the work was stopped (March 2003) as prior approval of the Government of India for the use of forest land had not been obtained. The Forest Department also imposed a penalty of Rs. 1.35 lakh for violation of the Act as the 3.65 km road already constructed passed over 1.775 hectare of forest land. Thus the expenditure of Rs.38.72 lakh has remained unfruitful.

On this being pointed out, the EE replied (April 2005 and August 2005) that the work was carried out due to pressure of the local public and their representatives. Efforts were being made to obtain Government of India's approval for use of forest land. Warning had been issued to the officers concerned. The reply accepts that a penalty had been imposed for non-compliance with the Act. Non-completion of the work has also resulted in the public still being deprived of the intended benefit of transport facilities.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

4.4 Excess payment to contractors

Non-observance of Government Order resulted in excess payment of Rs. 54.47 lakh to the contractors.

The Government of Uttaranchal had vide its order dated 20.12.2002 enhanced the rates of royalty on minor minerals with effect from 30 April 2001 i.e. with retrospective effect. The difference between the enhanced royalty and the royalty paid at lower rates was accordingly to be recovered from the contractors.

Test check of records (January 2004 to May 2005) of the following divisions of the Public Works Department, and further information collected (July 2005), revealed that the royalty was not deducted/recovered at the enhanced rates according to the Government Order (GO) from the bills of contractors:

(in Rupees)

Sl. No.	Name of the Division	Total Royalty recovered	Period	Royalty recoverable as per GO	Short recovery/ loss of revenue
1.	Provincial Division, Lansdowne, Pauri.	18,01,147	05/2001 to 03/2005	21,61,376	3,60,229
2.	Construction Division, Pauri	23,93,236	05/2001 to 05/2004	28,71,883	4,78,647
3.	Construction Division, Purola, Uttarkashi	17,12,707	05/2001 to 01/2004	20,55,248	342,541
4.	Temporary Division, Gaucher, Chamoli*	17,79,632	05/2001 to 04/2004	26,09,378	8,29,746
5.	Provincial Division, Rudraprayag*	28,27,456	05/2001 to 04/2005	45,23,930	16,96,474
6.	Temporary Division, Chakrata, Dehradun*	28,98,933	05/2001 to 01/2004	46,38,292	17,39,359
Total		1,34,13,111		1,88,60,107	54,46,996

Non-compliance with the provisions of the GO thus resulted in excess payment of Rs. 54.47 lakh to the contractors due to short recovery of royalty and loss of revenue to the Government during the period May 2001 to March 2005.

On this being pointed out, the Executive Engineers (EEs) replied that they were not aware of the GO at that time and recoveries were now being made at the enhanced rates. The replies given by the EEs are not tenable as ignorance of the GO is not an excuse for excess payment to the contractors. The recoveries should have been effected at the enhanced rates subsequently.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

RURAL DEVELOPMENT DEPARTMENT

4.5 Wasteful expenditure on the construction of a poultry farm

Improper survey and planning resulted in wasteful expenditure of Rs. 36.55 lakh on the construction of a poultry farm.

Para 375(a) of the Financial Handbook (Volume VI) provides that no work should commence unless a proper design based on a detailed and adequate survey has been formulated and technical sanction obtained from the competent authority.

A special project under the Swarnajayanti Gram Swarozgar Yojana (SGSY) to set up a poultry farm and hatchery complex for the upliftment of rural women and families living below the poverty line was implemented by the Government in March 2002 at Rudrapur. An amount of Rs. 7.36 crore

* These divisions had recovered the royalty at rates even lower than those applicable prior to issue of G.O. No. 3673/ Au.V.-1/22-Kha.T.C./2001

(Rs. 5.52 crore Central Assistance and Rs. 1.84 crore State Government's Share) had been sanctioned for the project till 2003-04.

Test check of records (September 2004) of the Project Director, District Rural Development Authority, Udham Singh Nagar and further information (October 2005) revealed that a non-government organisation (NGO) of New Delhi was appointed by Government (May 2002) to carry out the project on six acres of land in the Regional Village Development Institute, Rudrapur.

The NGO started the work in November 2002 which was stopped by the orders of the Government (January 2003) on the objection of the Principal, Jawahar Navodaya Vidyalaya (JNV), Rudrapur after incurring an expenditure of Rs. 36.55 lakh. As per the decision (January 2003) of the Government the site of the poultry farm was then shifted to the Pantnagar University complex.

On this being pointed out (September 2004) the Government replied (March 2005) that the Principal of the neighboring Jawahar Navodaya Vidyalaya (JNV) objected to the construction of the poultry farm as a potential health hazard to students of JNV. Extraneous circumstances compelled the decision to stop construction at Rudrapur and efforts were being made to utilize the infrastructure. The reply is not tenable as proper planning and an adequate survey would have revealed the potential health hazards and led to selection of a suitable site. The wasteful expenditure of Rs. 36.55 lakh could thus have been avoided.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

4.6 Unfruitful expenditure on incomplete hostel at Pauri

Lackadaisical approach of the Department resulted in non-achievement of intended objective of providing hostel facilities to working women at Pauri even after spending Rs. 30.92 lakh.

Government sanctioned (July 1997) the construction of a hostel for working women at Pauri at a cost of Rs.25 lakh under the upliftment of women scheme. The work was entrusted to the Public Works Department (PWD) in March 1998 for completion by June 2001 and funds were released between March 1998 and December 2000.

Test check of records (May 2005) of District Development Officer (DDO), Pauri, revealed that the work started only in September 2000 and was stopped in October 2001 after physical progress of 90 per cent at a cost Rs. 20.84 lakh. The delay in commencement and stoppage of work were attributed by the DDO to non-availability of land on time and drawals not being allowed by the treasury. The Executive Engineer, PWD submitted (September 2004) a revised estimate of Rs. 32.80 lakh. Sanction to the revised estimate, however, was awaited (September 2005).

On this being pointed out, the DDO stated (September 2005) that after payment of Rs. 17.04 lakh had not been allowed by the treasury, the contractor petitioned the District Court which directed (January 2004) the release of payments along with extra payment @ of Rs. 208 per day. An amount of Rs. 10.08 lakh was drawn and deposited in the Court in July 2005.

Thus, the lackadaisical approach of the Department resulted in non-completion of the hostel building even after the lapse of seven years and unfruitful expenditure of Rs. 30.92 lakh. The intended objective of providing hostel facilities to working women of Pauri had not been achieved.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

TOURISM DEPARATMENT

4.7 Infuctuous expenditure on installation of Garbage Disposal System

Non-commissioning of garbage disposal system and non-availability of land resulted in unfruitful expenditure and blocking of funds amounting to Rs. 80 lakh.

In order to check pollution and provide better waste disposal for sustainable tourism in the State, Government sanctioned Rs. 92.95 lakh (Central assistance Rs. 20 lakh, State Government component Rs. 72.95 lakh) in March 1999 for establishment of modern garbage disposal systems at Rishikesh, Mussoorie, Badrinath and Nainital.

The work was entrusted to the Uttar Pradesh Jal Nigam and the Director, Tourism released Rs. 80 lakh for the purpose between April 1999 and November 2002.

Test check of records (December 2003) and further information collected revealed that the plant installed at Badrinath (January 2004) at a cost of Rs. 19.82 lakh could not be commissioned for want of a power connection. Scrutiny further revealed that the work at the remaining three sites could not commence due to non-availability of land even after a lapse of six years.

On this being pointed (December 2003), the department stated that provision of a power connection for the plant at Badrinath was under process. The department had, however, failed to decide upon an agency for operating and maintaining the plant at Badrinath. The department further stated that due to non-availability of land at the remaining three sites, orders had been issued by the Director Tourism (June 2005) for refund of the unspent amount of Rs. 60.18 lakh by the Nigam.

Thus, the department's failure in appointing an agency for operating and maintaining the plant at Badrinath and releasing funds for plants at Mussoorie, Rishikesh and Nainital without ensuring the availability of land resulted in

unfruitful expenditure of Rs. 19.82 lakh and blocking of Rs. 60.18 lakh respectively.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

UTTARANCHAL PEYJAL NIGAM

4.8 Expenditure incurred in excess of sanctioned estimates

Unauthorized expenditure of Rs. 1.12 crore in excess of sanctioned estimates.

Para 317 (2) of the Financial Hand Book (Volume VI) provides that expenditure should not exceed sanctioned estimates. A revised estimate should be submitted when the sanctioned estimate is likely to be exceeded by more than 10 per cent.

Test-check of records (March 2005) of Executive Engineer (EE), Construction Division, Uttaranchal Peyjal Sansadhan Vikas Evam Nirman Nigam, Chamba, Tehri Garhwal, revealed that expenditure incurred on 15 schemes completed between January 2000 to July 2004, exceeded the sanctioned estimates by Rs. 1.12 crore as detailed below:

(Rupees in lakh)

Sl No.	Name of scheme	Dates of completion	Amount Sanctioned	Expenditure upto completion	Excess expenditure	Percentage of excess
1.	Ghandiyal Dhar	November 2001	10.48	12.83	2.35	22.42
2.	Kyar Sari	March 2002	14.74	18.00	3.26	22.12
3.	Chilamu	December 2002	7.51	11.13	3.62	48.20
4.	Akhoday Daunk	July 2004	6.90	16.12	9.22	133.62
5.	Adhiyarimay Chaupda	October 2001	4.76	6.35	1.59	33.40
6.	Padu Pani	June 2004	29.03	33.85	4.82	16.60
7.	Koti Raulya Luki	March 2000	15.25	21.02	5.77	37.84
8.	Gojmer	September 2001	13.68	27.26	13.58	99.27
9.	Jagethi	October 2000	10.49	13.18	2.69	25.64
10.	Kumar Gaon	October 2000	12.30	16.27	3.97	32.28
11.	Rajkhil Tok	January 2000	12.80	19.68	6.88	53.75
12.	Buradi	February 2001	22.53	27.51	4.98	22.10
13.	Mundiya Tok	February 2000	9.41	11.34	1.93	20.51
14.	Bhatt Gaon	June 2004	25.17	68.22	43.05	171.04
15.	Silogi Tok	October 2000	5.49	9.60	4.11	74.86
Total			200.54	312.36	111.82	

Action had, however, not been taken to prepare and obtain sanction to revised estimates to regularise the excess expenditure.

On this being pointed out, the EE stated that the excess expenditure was met by diverting savings from other schemes. It was further stated in reply that the efforts were being made to get the revised estimates sanctioned.

The reply is not tenable as the financial rules do not permit diversion of savings on one work to another work and also provide that when expenditure is likely to exceed the sanctioned estimates by more than 10 *per cent*, revised administrative approval must be obtained. Revised estimates for the unauthorized expenditure of Rs. 1.12 crore had not been sanctioned so far (July 2005). Lack of financial control by the Nigam over the funds allocated to various works led to unauthorized diversion of savings and excess expenditure over sanctioned estimates.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

Avoidable/excess/unfruitful expenditure

FOOD AND CIVIL SUPPLIES DEPARTMENT

4.9 Avoidable loss on purchase of food grains

Excess procurement of food grains at higher rates resulted in an avoidable loss of Rs.1.73 crore.

The State Government procures food grains from the Food Corporation of India (FCI) for distribution to consumers under the Public Distribution System (PDS) at two different rates. The rates are higher for Above Poverty Line (APL) consumers and lower for Below Poverty Line (BPL) consumers.

Test check (December 2004) of the records of Regional Food Controller (RFC), Garhwal Zone, Dehradun revealed that 25,243.88 quintals of wheat-common, 1,349 quintals of wheat flour, 12,237.25 quintals of rice-common and 2,629.95 quintals of rice-grade A procured from FCI at APL rates were sold at BPL rates during 2000-01 and 2001-02.

The State Government requested the Government of India to allow the distribution of food grains purchased at APL rates to BPL consumers from April 2000 and to direct the FCI to refund the difference between the APL and the BPL cost. The Government of India refused (February 2001) the request and suggested the disposal of surplus APL stock by auction etc. Despite this, the State Government directed (December 2001) District Supply Officers (DSOs) to convert all stock of APL to BPL category. This resulted in a loss of Rs. 1.73 crore in Garhwal Zone.

On this being pointed out (December 2004), the Department replied that the food grains were procured on the consolidated demand of DSOs but the off take by APL consumers was poor due to increase in issue prices of food grains by the Government of India. To avoid any possible loss by decay, the food grains of higher APL rates were disposed of at BPL rates. The Department, while accepting the loss on this account, also intimated (December 2004) that action was being taken to write off the loss. The reply is not tenable in view of the fact that Commissioner, Garhwal Mandal in his test inspection report

(May 2000) found that Tharali and Nandprayag godowns contained APL stock sufficient for 33 months, indicating that APL stock was procured in excess of requirements.

Lack of effective monitoring by Regional Food Controller, Garhwal Zone and Food and Civil Supplies Department (Government) over procurement thus resulted in excess procurement of APL food grains and an avoidable loss of Rs. 1.73 crore to the Government.

While admitting the accumulation of APL stock sufficient for the requirement of 33 months in Tharali and Nandprayag godowns, the Government in its reply (October 2005) intimated that the stock was accumulated due to extra allotment of food grains by Government of India during earthquake catastrophe of 1999 in various districts of Garhwal region. The reply is not tenable in view of the fact that the extra allotment was made for BPL foodgrains and not APL foodgrains as mentioned in the reply itself.

PUBLIC WORKS DEPARTMENT

4.10 Avoidable expenditure on tack coat

Laying of a tack coat was contrary to the specification and resulted in avoidable expenditure of Rs. 17.62 lakh.

According to Ministry of Road Transport and Highways (MORTH) Government of India specification 503.4.3 (Edition 2001) “Where the material to receive an overlay is a freshly laid bituminous layer, that has not been subjected to traffic, or contaminated by dust, a tack coat is not mandatory where the overlay is completed within two days”. The Engineer-in-Chief, Public Works Department (PWD), Uttar Pradesh had also issued orders (July 2003) to this effect.

Test check of record (May 2005) of the Executive Engineer (EE), Construction Division, PWD, Pauri revealed that improvement of Meerut-Pauri Road (NH 47) from Kotdwar to Satpuli (km 134.60 to 192) under a centrally sponsored scheme of inter-state connectivity was sanctioned (October 2003) by MORTH at a revised cost of Rs. 17.19 crore. The work was to be executed as per specification of MORTH (Edition 2001). The work was executed by dividing the road into two parts each of which was alternately closed to traffic till the overlay was completed. A tack coat was laid between Bituminous Macadam (BM) and Semi Dense Bituminous Carpet (SDBC) which was contrary to the above specifications and resulted in avoidable expenditure of Rs. 17.62* lakh.

Item of work	Qty	Rate	Amount
Providing and applying tack coat between BM and SDBC work as per 23 rd running bill paid up to audit (May 2005).	350046.17 Sqm	Rs. 5.30 per Sqm	Rs. 18.55 lakh
Less 5% as per tendered rate			Rs. 0.93 lakh
Net Payment			Rs. 17.62 lakh

On this being pointed out in audit, the EE stated (May 2005 and September 2005) that work was executed as per technical sanction and condition of the agreement. It was further stated that the traffic could not be stopped because this was the main road of the hill area. The reply of the EE is not tenable as the work was executed by dividing the width of the road into two parts and while laying the bituminous courses on one part, the traffic was being allowed to pass through the other half of the road. Accordingly, BM and SDBC could well have been laid on each part of the road without closing the entire width of the road to traffic and the tack coat avoided.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

4.11 Avoidable expenditure due to use of costlier material

Injudicious use of costlier material resulted in avoidable expenditure of Rs. 2.71 crore.

Para 7.4 of Indian Road Congress Specification IRC : 81-1997 provides that in case of other compositions for overlaying thickness for road strengthening, the equivalent overlay thickness to be provided may be determined using appropriate equivalent factor as 1 cm of Bituminous Macadam (BM) equal to 1.5 cm of water bound macadam (WBM).

Scrutiny of the records (July 2004) of Executive Engineer, Construction Division, PWD, Khatima, Udham Singh Nagar (EE) and further information collected (November 2005) revealed that Government sanctioned (March, 2003) Rs.6.05 crore for improvement and reconstruction of Lipulekh-Bhind road (SH 29) in 24 km (from km 331 to 354) on the basis of the provisions of the Preliminary estimate (PE) containing two layers of WBM of 7.7 cm each, 5 cm thick BM and 2.5 cm thick Semi-Dense Concrete (SDC) to raise the existing crust thickness of the road from 27 cm to 47 cm to withstand increased traffic density.

Instead of executing work in accordance with the provisions of the PE, execution of two layers of BM of 8 cm and 5 cm equivalent to 19.5 cm of WBM taking its strength at 1.5 times that of WBM and 2.5 cm Semi-Dense Bituminous Carpet work were carried out. A revised PE of Rs. 9.53 crore was prepared by the division. The revised PE had not been sanctioned by the Government as of November 2005. The work was stopped after execution of 19 out of 24 km of the road after incurring expenditure of Rs. 6.14 crore (July 2005) for want of further allotment of funds.

On the matter being pointed out (July 2004), the EE stated that it was not possible to collect the materials of WBM due to paucity of space. It was stated by the Chief Engineer Grade-I, PWD, Uttaranchal, Dehradun (September 2005) that the partial work had been executed without obtaining the technical sanction. The work will be completed after getting the balance amount of the

revised estimate after sanction of the Government. It was also stated that the cost of BM work was less than WBM work. The reply is not tenable as the cost of BM work was not less than the WBM work as rate of BM work was Rs. 2,590.70 per M³ whereas the rate of WBM was Rs. 552.10 per M³* and the total cost of the work for 24 km through BM as per provisions of revised PE was Rs. 9.53 crore whereas the total cost of the work for 24 km through WBM as per provisions of PE was Rs. 6.05 crore.

Thus, the construction of 19 km road by using costlier BM material instead of WBM resulted in avoidable expenditure of Rs. 2.71* crore.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

4.12 Undue advantage to contractors

Undue aid of Rs. 1.40 crore was given to contractors by deletion of provisions for payment of insurance and bank charges by contractors in supplementary agreements.

Test-check (December 2004) of the records of the Superintending Engineer (SE), Maneri Bhali Stage-II Circle, Joshiyara, Uttarkashi revealed that he had entered into four agreements with four different contractors for the construction of barrage, sedimentation tank, 16 km head race tunnel and power house. Clause S.2.1.18 of the agreements provided for insurance at the contractor's cost of all the parts, materials or equipment for which advances were paid by the Government. Sub-clause a(v) of clause 1.2.7 provided for execution of bank guarantees by the contractors. Works under the above four agreements came to a standstill in 1992 due to shortage of funds and remained suspended upto July 2002.

The Government of Uttaranchal accorded (July 2002) approval for supplementary agreements with the same contractors for completion of the balance civil works. The SE entered into (July 2002) supplementary agreements with the same contractors. The clauses of the original agreements relating to insurance charges at the contractor's cost and bank guarantee by the contractors were replaced with a new sub clause S.1.2.07 (C) in the supplementary agreements providing that all bank guarantee charges and insurance charges would be reimbursed to the contractors, as per actual

* Rate of Inter coat by 45-63 mm stone ballast for

Ist layer of WBM of 7.7 cm compacted = Rs. 545.60 / M³

Rate of Top coat by 22.4 – 53 mm stone ballast for

IInd layer of WBM of 7.7 cm compacted = Rs. 558.60 / M³

Total = 1104.20 ÷ 2

Average rate Rs. 552.10 / M³

• A – As per PE cost of work through WBM for 24 km road = Rs. 6.05 crore

Hence cost of work executed for 19 km road = Rs. 4.79 crore

B – As per revised PE cost of work through BM for 24 km road = Rs. 9.53 crore

Hence cost of work executed for 19 km road = Rs. 7.50 crore

Therefore avoidable expenditure B-A

Rs. 7.50 crore – Rs 4.79 crore = Rs. 2.71 crore.

expenditure. Accordingly the contractors were paid an amount of Rs. 48.03 lakh as reimbursement of insurance charge by the Department. Bank guarantee charges of Rs. 91.94 lakh were also deposited by the Department on behalf of the contractors as detailed below:

(Rs. in lakh)

Sl. No.	Division	Insurance charges	Bank Guarantee charges
1	Maneri Bhali Nirman Khand-I st Joshiyara Uttarkashi	9.83	34.74
2	Maneri Bhali Nirman Khand-II nd Chinyalisaur Uttarkashi	10.58	-
3	Maneri Bhali Nirman Khand-III rd Chinyalisaur Uttarkashi	25.00	55.11
4	Maneri Bhali Tunnel and Construction Division Chinyalisaur Uttarkashi	2.62	2.09
Total		48.03	91.94
Grand Total		139.97	

On this being pointed out (December 2004), the SE stated that the supplementary agreements, which were approved by the Government, provided for payment of insurance and bank charges.

The fact remains that by deleting the provisions relating to the payment of insurance and bank charges by the contractors in the supplementary agreement, the department gave undue aid amounting to Rs. 1.40 crore to the contractors.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

Idle investment/idle establishment/blocking of funds

MEDICAL, HEALTH AND FAMILY WELFARE DEPARTMENT

4.13 Idle investment on the purchase of medical equipment

Equipment purchased at a cost of Rs. 21.10 lakh remained idle for want of trained staff at Combined Hospital, New Tehri.

Government had sanctioned (June 2002) an amount of Rs. 47.20 lakh to Chief Medical Superintendent (CMS), New Tehri for the purchase of equipment to provide specialized medical facilities in Combined Hospital, New Tehri.

Test check of records (December 2004) of the Combined Hospital, New Tehri revealed that an ultrasound machine, an auto analyzer, an ultrasound scanner, a respirator and other equipment were purchased and installed in March 2003

at a cost of Rs. 21.10 lakh. The equipment were not operated for want of trained staff and remained idle.

On this being pointed out, Medical Superintendent, Government Combined Hospital, Baurari, New Tehri stated (October 2005) that the appointment of five doctors had been done in November 2004 by the State Government but they had not joined so far.

The equipment remained idle for want of trained staff resulting in idle investment of Rs. 21.10 lakh and denial of medical facilities to the patients concerned for over two years.

The matter was referred to Government (June 2005); the reply is awaited (December 2005).

4.14 Idle investment on incomplete dispensary building

Lackadaisical approach resulted in an idle investment of Rs. 38.94 lakh on incomplete dispensary building at Pithoragarh.

Government sanctioned Rs. 38.72 lakh (January 1999) for the construction of a state allopathic dispensary and residential quarters to provide medical facilities to the public of Pokhari, Pithoragarh District. The work was entrusted to the Executive Engineer (EE), Temporary Construction Division, Pithoragarh (1999). Funds were released between the years 1999 and 2002, and work started in the year 1999 for completion by the year 2004.

Test-check of records (May 2005) of the Chief Medical Officer (CMO), Pithoragarh revealed that the work was stopped (March 2002), after an expenditure of Rs. 38.94 lakh, and electrical, water and sanitary fittings had not been installed. A revised estimate for Rs. 69.02 lakh was submitted by the EE on the grounds of escalation in cost of materials and labour (March 2002), which was not sanctioned.

To bring the dispensary and other buildings in use, the EE demanded a sum of Rs. 27.28 lakh (January 2003), sanction to which is still awaited.

On this being pointed out, the CMO stated in reply (December 2005) that the revised estimate has been forwarded to Government of Uttaranchal. Its sanction is awaited.

Lack of timely action by the Department thus resulted in non-completion of the building and an idle investment of Rs. 38.94 lakh. The intended benefits of providing medical facilities to the people of Pokhari have not been achieved.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

TOURISM DEPARTMENT

4.15 Idle investment on construction of Tourist Cottages and Sulabh Shauchalayas

Non completion of Tourist Cottages and Sulabh Shauchalayas resulted in idle investment of Rs. 1.66 crore.

In order to provide adequate facilities to tourists and promote tourism, Government sanctioned Rs. 2.74 crore between 1995-96 and 1998-99 for the construction of nine tourist cottages* and 12 Sulabh Shauchalayas†. The work was allotted to a non government organization (NGO) in 1995-96.

Test check of records (December 2002) of the Director, Tourism and information collected (July 2005) revealed that Rs. 2.09 crore were released to the NGO between 1995-96 and 1998-99. The work started in 1995-96 but after an expenditure of Rs. 1.66 crore had been incurred, the NGO stopped construction in 2001. The unspent amount of Rs. 43.34 lakh was lying with NGO.

On this being pointed out (July 2005), the Government replied (October 2005) that after issue of a legal notice the NGO had given an assurance in February 2004 to complete the work within six months. The Government further replied that though matter was forwarded to the District Magistrate and Superintendent of Police of the respective Districts to lodge an FIR against the NGO but due to certain reasons the FIR could not be lodged against the NGO. The reply is not tenable as even a first information report (FIR) could not be lodged with the police by the Department against the defaulting NGO despite the lapse of four years. Nor had any action been taken to recover the unspent amount as arrears of land revenue.

The failure of the Department to safeguard Government money and ensure completion of the work resulted in an idle investment of Rs. 1.66 crore and Rs. 43.34 lakh remain blocked with the NGO. There is also likelihood of the loss of Rs. 43.34 lakh unless effective action is taken to recover it from the NGO. Further, the intended objective of providing adequate facilities to the tourists remains unachieved.

4.16 Diversion of funds

An amount of Rs. 50 lakh out of funds provided on the recommendation of the Eleventh Finance Commission for improvement of Yamnotri Yatra Marg was diverted for the construction of Bus Stand at Uttarkashi.

* Badrinath, Tapoban, Gaurikund, Ritha Sahib, Uttarkashi, Sheraghat, Madkot, Piran Kalier and Govindghat

† Badrinath, Pangu (Mathi), Gala (Nachni), Malpa (Narayan Nagar), Govindghat, Garsaind, Mana, Laxman Jhula, Gaurikund, Bagwan, Purola and Bhikiasen

The Government of Uttaranchal, on the recommendation of the Eleventh Finance Commission accorded administrative approval and financial sanction (August 2003) for improvement of the Yamnotri Yatra Marg and the alternative arrangement of a mule travelling marg at a cost of Rs. 3.19 crore. Amounts of Rs. 55 lakh and Rs. 1 crore were sanctioned in June 2003 and August 2003 respectively for being fully utilized in the financial year 2003-04. Technical sanction was accorded by Chief Engineer, Garhwal Region, Pauri for Rs. 2.21 crore in March 2004.

Scrutiny (April 2005) of records of the Executive Engineer (EE), Construction Division, PWD, Barkot, Uttarkashi revealed that amounts of Rs.55 lakh and Rs. 1 crore were released in August 2003 and December 2004 respectively to the Division by the Tourism Department. The work was started in July 2004 and expenditure of Rs. 97.96 lakh had been incurred upto March 2005. Out of Rs. 1 crore released in December 2004, a sum of Rs. 50 lakh was diverted (February 2005) by the Uttaranchal Tourism Development Board to the Executive Engineer, Provincial Division, Uttarkashi for the construction of a bus station at Uttarkashi. This contravened the financial sanction which stipulated that the funds for Yamnotri Yatra Marg could not be spent on any other work.

On this being pointed out (April 2005), the EE stated that the funds were diverted on the directions of the Uttaranchal Tourism Development Board. The reply is not tenable as the funds were allotted on the recommendations of the Eleventh Finance Commission for a specific purpose and could not be diverted to other works.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

4.17 Idle investment and blocking of funds

Procedural lapses resulted in stoppage of construction work after expenditure of Rs. 19.05 lakh and blocking of fund of Rs. 24.36 lakh.

Financial rules provide that no work should commence on land which has not been duly acquired by the Department. Further, prior approval of Government of India for use of reserve forest land for non forest purposes is necessary under the Forest Conservation Act, 1980.

Test-check of records (December 2003) and further information (July 2005) from the Director, Tourism, revealed that to provide adequate facilities to tourists, Government sanctioned Rs. 54.20 lakh¹ between 1997 and 2000 for the construction of two Sulabh Shauchalayas, at Tilwara (Rudraprayag) and Kaldubagarh (Chamoli), Tagore Top-Ramgarh approach road including construction of Tagore Kutir (Nainital) and ticket counters at Bus Station, Rishikesh (Dehradun). The works were entrusted to three different executing

¹ Tilwara Rs. 9.42 lakh, Kaldubagarh Rs. 11.53 lakh, Tagore Top Rs. 20.19 lakh and Rishikesh Bus Station Rs 13.06 lakh

agencies². The Director released Rs. 46.65 lakh to the construction agencies between March 2000 and March 2001. Sites were also provided to them without obtaining prior approval from the Ministry of Environment and Forest, Government of India for the use of forest land in two cases³ and without getting the title of the land in favour of the Department in all the three cases. It was noticed that while the works were in progress and expenditure of Rs.19.05 lakh (Tilwara Rs. 1.17 lakh, Kaldubagarh Rs. 4.43 lakh, Tagore Top Rs. 9.69 lakh and Rishikesh Bus Station Rs 3.76 lakh), had been incurred, the construction works at Bus Station Rishikesh and at Tagore Top, Nainital were stopped by the Forest Department in December 2002 and March 2003 respectively, as the construction was on forest land and prior approval of Government of India had not been obtained. The work of Sulabh Shauchalayas at Tilwara and Kaldubagarh were also stopped in January 2003 and February 2002 respectively owing to disputes about the land with the local people. The works were lying incomplete for want of clearance from Government of India for use of forest land for non forest purposes and settlement of dispute with the local people.

In response to the audit observation, the Department stated (December 2003 and July 2005) that the works were stopped due to non-acquisition of forest land and dispute with the local people about the land.

Failure of the Department to obtain clear titles of land in its favour in two cases and commencement of work without obtaining prior approval from the Ministry of Environment and Forest, Government of India, led to the stoppage of work, rendering the investment of Rs. 19.05 lakh idle and blocking Rs. 24.36 lakh⁴ with the executing agency for the last two to three years.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).

UTTARANCHAL PEYJAL NIGAM

4.18 Unauthorized expenditure on Peyjal Schemes

Rs. 4.92 crore was unauthorisedly diverted from ongoing schemes for the maintenance of completed Peyjal schemes.

Under Government orders of May 2001, all Peyjal (drinking water) schemes in rural areas were to be transferred to the Jal Sansthan for maintenance on their completion. Government further ordered (August 2003) that water tax/cost of water should be recovered by the Jal Sansthan through the Peyjal Nigam

² (a) Sulabh Shauchalays at Tilwara and Kaldubagarh - Sulabh International
(b) Tagore Top-Ramgarh approach road including construction of Tagore Kutir (Nainital) – Rural Engineering Services (RES), Nainital
(c) Construction of counters at Rishikesh Bus Station (Dehradun) – Gharwal Mandal Vikas Nigam.

³ Tagore Top-Ramgarh approach road including construction of Tagore Kutir (Nainital) and Construction of counters at Rishikesh Bus Station (Dehradun)

⁴ Tilwara Rs. 4.76 lakh, Kaldubagarh Rs. 7.10 lakh and Tagore Top Rs. 12.50 lakh.

(Nigam) from the beneficiaries of Peyjal schemes under the control of the Nigam, to be spent on maintenance of such schemes.

During the test-check of records (January 2004) of the Executive Engineer (EE), III-Electrical-Mechanical Division, Uttaranchal Peyjal Sansadhan Vikas Evam Nirman Nigam, Dehradun and further information collected (October 2005) it was noticed that seven completed and commissioned Peyjal schemes were being maintained by the Division using funds diverted from ongoing drinking water programmes^o. The Division had incurred an expenditure of Rs. 4.92 crore during April 2002 to December 2004 for maintenance of Peyjal schemes as shown in the table below:

(Rs. in crore)

Sl. No.	Name of the Peyjal scheme	Date of Commissioning	Whether Transferred	Total Exp.
1.	Hindola Khal	March 1984	No	1.81
2.	Bharpur Patti	March 1990	No	0.89
3.	Rani Chauri	April 1984	Yes (Sept. 04)	1.03
4.	Chamba	November 2000	Yes (Sept. 04)	0.37
5.	Narendranagar	July 2001	Yes (Sept. 04)	0.30
6.	Tipri Pumping	August 2001	No	0.26
7.	Gavli	March 2003	No	0.26
Total				4.92

The position of Water Tax/Cost recovered from 2000-01 to 2004-05 was as under:-

(Rs. in crore)

Sl. No.	Name of Peyjal Scheme	Amount
1.	Narendranagar	1.32
2.	Chamba	0.09
3.	Rani Chauri	0.83
	Total	2.24

It was stated by the E.E. (October 2005) that out of seven Peyjal Schemes, three schemes viz. Rani Chauri, Chamba and Narendra Nagar have been transferred to the Jal Sansthan in September 2004. As regards transferring of the other four schemes, the E.E. has requested Jal Sansthan in January 2005 and also requested District Magistrate, Tehri Garhwal in December 2004 but the Jal Sansthan has not so far taken over the said schemes.

In response to the audit observation, the EE replied (January 2005) that the expenditure on maintenance had been incurred by diverting funds from other programmes and sanction had been sought for from the higher authorities. The reply is not tenable as it was clearly mentioned in the Government orders of August 2003 that the schemes be maintained out of revenue realized as water tax and cost of water. The Nigam, however, failed to do so and unauthorisedly diverted funds from ongoing schemes for maintenance of completed schemes.

^o Nyuntam Avashyakta Programme, Gramin Twarit Programme, Hand Pump Programme, Ganga Action Plan Programme and Nagar Peyjal Schemes Programme

Diversion of funds from current drinking water schemes/programmes resulted in unauthorised expenditure of Rs. 4.92 crore on maintenance of Peyjal Schemes to the detriment of ongoing schemes.

The matter was reported to the Government (May 2005); reply is awaited (December 2005).

Regulatory Issues and Other Points

IRRIGATION DEPARTMENT

4.19 Irregular expenditure on survey and planning work

Construction of Chamgad Dam has not been approved by the Government, yet expenditure of Rs. 2.67 crore was incurred on the work during the last 19 years without realizing any benefits so far.

The “Chamgad Dam Scheme” was proposed by Chief Engineer (CE), Investigation and Planning, Irrigation Department, Bareilly in 1986 to utilize the potential of the Saryu river, about 11.60 km up-stream of its confluence with the river Kali in district Pithoragarh. The Scheme envisaged the construction of a 230.30 metre high concrete gravity dam with a power house on the left bank having an installed capacity of 4 units of 100 mega watts each. The scheme was also expected to irrigate 3,45,527 hectares of Rabi and 54,611 hectares of Kharif crops in the command area of the present Sarda canal. A preliminary feasibility report (PFR), based on a detailed investigation of the scheme for construction of dam at the cost of Rs.1,251.21 crore, was prepared in 1986.

Test check (March 2005) of the records of Executive Engineer (EE), Investigation and Planning Division, Pithoragarh revealed that Government’s approval for construction of dam has not been received so far. Expenditure on survey works is, however, continuously being incurred under the Plan Head-“4701-Capital Outlay on Major and Medium Irrigation-Survey and Investigation”. Progressive expenditure (as of March 2005) on the scheme since 1986 onwards was Rs. 2.67 crore.

As the Government has not approved the construction of the dam, continuance of expenditure on the Chamgad dam for a period of over 19 years was irregular and has proved unfruitful so far. The generation of power and provision of irrigation facilities is not possible in the absence of Government approval for construction of the dam.

On this being pointed out in audit, the EE replied (March 2005) that the scheme was not in progress due to non-allocation of funds by Government. The fact, however, remains that continuous booking of expenditure on survey work after submission of PFR was irregular.

The matter was reported to the Government (June 2005); reply is awaited (December 2005).